

# CORENET | HACKATHON

GLOBAL



A **COVID-19** Virtual Ideation Experience

**Team Topic and Number: Distributed Work, Team 2**

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**Input your submission below. Please remember that you have 1500 words to share your insights.**

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## Synopsis

Whilst Distributed Work (DW) is becoming increasingly prevalent, it's not a new concept. For years, companies have been exploring DW models to reap the benefits of reduced real estate costs and millennial talent attraction- some of whom accept lower salaries in exchange for working flexibly.

Research on DW illustrates that levels of productivity and engagement fluctuate which leads us to question its sustainability over time. From recent working from home (WFH) data in the COVID-19 pandemic, two stages have emerged:

1. **Crisis Stage:** employees rallied around the flag to ensure business continuity, reporting increased focus and flexibility. Productivity and engagement rose.
2. **Management Stage:** the application of business-as-usual practices are beginning to impact WFH experience and the rally factor is wearing off. Productivity and engagement are falling.

With COVID-19 likely to reverberate for some time, DW is being seen as a long-term solution to build resilience and flexibility. Our team intends to shed light into the various models of DW through lenses of costs & continuity, employee experience & engagement, and productivity & innovation, with constant reference to health & safety. Whilst there is no one size fits all solution, we explore different DW models and their associated benefits & risks.

## Tangible Costs and DW Models

***Distributed Work Definition:*** *The use of physically-separated workplaces to meet the requirement of business continuity for enterprises that enable a balance of productivity and innovation, employee engagement and experience, and psychological wellness and physical safety.*

COVID-19 has seen a significant portion of knowledge workers being required to WFH and effectively so, opening up questions about the need for traditional office space. With health and safety an immediate priority, the need to ensure business continuity and productivity means that DW will underpin real estate strategies across the globe.

## Six Key DW Models

Further details, benefits and challenges are shown in Appendix 1-2.

DW Models	Characteristics
<b>Hub + WFH</b>	<ul style="list-style-type: none"> <li>• Single Hub office. All other employees WFH.</li> <li>• Suits sales and consulting firms.</li> </ul>
<b>Hub + Flex</b>	<ul style="list-style-type: none"> <li>• Single Hub office. All other employees work from Flex sites.</li> <li>• Suits mid-large firms with geographically spread workforces.</li> </ul>
<b>Hub + Multiple Conventional Solutions</b>	<ul style="list-style-type: none"> <li>• Single Hub office for ~ 40% employees. Additional capacity split across multiple conventional offices</li> <li>• Suits Mid-large firms wanting activity-based working and client interface.</li> </ul>
<b>Only WFH</b>	<ul style="list-style-type: none"> <li>• 100% WFH.</li> <li>• Suits mid-size (under 50 people) and start-ups.</li> </ul>
<b>Only Flex</b>	<ul style="list-style-type: none"> <li>• 100% Flexible Solutions (Co-working).</li> <li>• Suits mid-size (under 50 people) and start-ups.</li> </ul>
<b>De-Densified Office</b>	<ul style="list-style-type: none"> <li>• Retrofitted work space accommodating 'Social Distancing Norms'</li> <li>• Suits corporates and back-end work with confidentiality and proprietary needs.</li> </ul>

## Costs Considered

The efficacy of any model is judged by how it performs in the context of Cost vs Return. We have created a comparative model that categorizes the various types of costs and intangible factors across the differing DW models to help enterprises understand which best suits their business.

Hard costs include Capex for both newly acquired and retrofit of existing spaces, employee transportation costs, space acquisition costs, and technology costs, plus other factors that may have an impact on total Opex. These are elaborated in Appendix 3-4. Business leaders can further customize by altering factors, rating and weightages depending on the nature of their businesses and geographical sensitivities.

Soft intangibles include Employee Experience & Engagement, and Productivity & Innovation, which impact profitability, productivity, talent acquisition and reputation. We now examine how they might integrate into DW decision-making.

## Managing the Intangibles

In the *Crisis Stage* of COVID-19, many employees reported increased levels of focus, flexibility and freedom (see Appendix 5), resulting in a surge of engagement and productivity. However, as enterprises begin to formally manage DW, worrying signals are emerging, with employees feeling increasingly socially isolated, demotivated, overwhelmed and lacking in purpose (see Appendix 6).

### Employee Experience and Engagement (EEE)

*EEE typically measures the strength of the mental and emotional connection employees feel toward their places of work. It predicts how hard people will work and how long they'll stay with the company. It often correlates with improved productivity and profitability.*

The data indicates employees are missing social interactions with their colleagues. Loneliness is the single greatest predictor of mental illness. As we tentatively exit COVID-19, we expect to wrestle with the following:

1. How to create a workplace that fosters collaborative community, social connection and psychological wellbeing amongst employees?
2. How to do this while enabling DW flexibility and keeping people safe?

**1: Community:** Building community is highly challenging. Initially, we expect workplaces to draw inspiration from the hospitality industry in creating spaces which bring people together. Longer-term community-building will require experimentation and imagination.

**2: Collaboration:** Collaborative interaction is vital to innovative solutions, and effective and efficient task execution. In identifying appropriate DW models, enterprises need to ensure their spaces and technologies enable collaboration across the DW mix.

**3: Flexible Safety:** Additional survey results suggest employees will continue to want to work from home on a semi-regular basis post COVID-19 (see Appendix 7). Companies considering WFH DW models need to implement robust 'WFH' policies, considering technology, ergonomics and psychological wellness. Those operating hyper-lean hubs will need to attentively manage workplace usage to avoid overcrowding.

### Productivity & Innovation

The price to pay for skimping on EEE is ultimately in *productivity and innovation*.

**Productivity** is generally defined by the efficiency of task completion - time taken to complete with minimal errors. Productivity research suggests that high-performers are 2.5x-4x more productive than the average. High-performing productivity correlates with ergonomically comfortable workspaces that are free from distractions and interruptions (see Appendix 8).

**Innovation** involves generating ideas that improve processes or products, requiring creative thought, critical thinking and cognitive flexibility, amongst other skills. Research suggests that a high-innovator can create between 10x-300x more value than the average (see Appendix 9). High-value innovation requires ongoing access to colleagues and collaborators in semi-formal

workplace settings that help establish and strengthen social bonds and engender cross-functional conversations and ideation.

An enterprise adopting DW needs to consider its impact on productivity and innovation.

1. **Reduced Mental Wellbeing:** Data indicates that employees are feeling increasingly isolated, demotivated, overwhelmed and lacking in purpose. While this involves COVID-19 anxiety, most relates to the invasive nature of digital technologies.
  - a. **Lack of Trust:** Despite illustrating increased productivity in the crisis stage, employees are reporting implementation of intrusive monitoring systems (e.g. managers instigating 8-hour video calls).
  - b. **Impression Management:** Employees are reporting that the act of looking professional on video calls (a) eats into their productivity and (b) is cognitively and emotionally exhausting.
  
2. **Reduced Social Bonds:** People are reporting that the loss of casual connection with team members negatively impacts performance as it is the source of learning, mentorship and informal guidance. Some have lost touch with all business direction.
  - a. **Productivity:** A likely drop in team performance, which increases by up to 50% in strongly bonded teams.
  - b. **Innovation:** Innovation will likely drop as there is an almost total loss of cross-pollination. Few organisations seem to have invested in digital collaboration technologies that might engender ongoing innovation.

Implementing the right DW model to ensure high-quality employee experience and associated mental and emotional connection, productivity and innovation needs a staged approach:

1. **Immediate term:** Focus on wellbeing. As employees return to the workplace, initial focus will be on physical safety via stringent hygiene practices and appropriate social distancing considerations. Employers should be cognisant of the psychological state of employees after this traumatic, isolating event.
  
2. **Medium-term:** Ongoing monitoring and adaption of the employee experience will be critical to ensuring the long-term success of new working models.
  
3. **Long-term:** Employees are likely to demand DW components at work providing them with flexibility to work in the way/s they can be most productive.

The role of the facilities team cannot be overlooked in implementing a DW model. They will play an integral part in preparing employees for the return to the workplace and managing new operations (e.g. hygiene, cleaning, site access).

Productivity and innovation factors must be underpinned by a change management strategy that integrates collaboration and communication into the various DW mixes. It needs to draw from learnings about how resourceful employees were in the Crisis Stage and integrate them into longer-term business practices so they are enabling rather than invasive to DW employees.

## Conclusion

1. DW is an inevitable component of post-Covid work with significant possible cost-savings
  2. With no one-size-fits-all solution, different industries are going to need different models
  3. While the end-state of these models is unknown, the process is concrete
- a. **Short-term:** Focus on hygiene and physical safety
  - b. **Medium-term:** Implementation of industry appropriate DW mixes
  - c. **Long-term:** Reimagining of connection, collaboration and learning in the DW mix

Some ongoing contextual reimagination of real estate, technology, work and management is going to be necessary across all industries. This will be underpinned by the realisation that physical workspaces currently house the collaborative communities that foster talent, enable productivity and drive innovation via cross-disciplinary encounters, and that some form of investment into physical or digital spaces or practices that engender the above will be fundamental to the success of any DW model.